

Fall 2020 Competitive Funding Round FAQs As of September 4, 2020

Question: Can electronic signatures be used or are original signatures required?

Answer: LIHTC applications may be executed by electronic signature, which shall be considered as an original signature for all purposes and shall have the same force and effect as an original signature. Without limitation, “electronic signature” shall include electronically scanned and transmitted versions (e.g. via pdf) of an original signature and any typed signature, including any electric symbol or process adopted by either party with the intent to sign the Commitment, including the use of DocuSign or other similar programs.

Question: Section 3.14.1 Base Level Energy Standards for Rehabilitation Only (item 4) states the following about lighting: *Install only Energy Star qualified LED lighting fixtures or LED lamps when lighting replacement is included in the scope of work.* Since Energy Star no longer certifies all types of lighting. Does this requirement only apply to the types of lighting that carry the Energy Star label?

Answer: For any lighting products not available as Energy Star certified, such as commercial lighting, we will alternatively allow for selection and installation of fixtures and lamps approved by the [DesignLights Consortium](#) (DLC).

Question: At the Pre-Round Information Session, DHCD required twinning projects to submit 202s for the 9% project, 4% project, and Combined 9%/4% projects. Now that the leveraging calculation has been updated to we still need a Combined 202?

Answer: Now that the leveraging calculations have been updated to include the combined projects we are NOT requiring a Combined 202.

As of August 7, 2020

Application Submission:

Question: How does the electronic application submission work?



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Answer: Email dhcd.qap@maryland.gov to request a Google Drive folder for each project. The folder is divided into subfolders to mirror the application submission kit. There is also a separate folder for documents related to MBP/4% LIHTC projects if you are submitting a “twinning” deal. Once you receive the project folder you should begin uploading your application documents into the correct subfolders. Access to the Google Drive folders will be revoked at 2 PM on Wednesday, September 9th, so make sure everything is uploaded prior to the application deadline.

Question: Does the hard copy of the application need to be submitted by the application deadline?

Answer: Yes, one (1) hardcopy of the completed application must be submitted by 2 PM on Wednesday, September 9th. This includes one (1) paper copy delivered to DHCD at 7800 Harkins Road, Lanham, MD 20706, and one (1) electronic copy uploaded into the project’s Google Drive folder. We will not require the CD/thumb drive since the entire application will be submitted electronically. Incomplete applications will not be considered.

Question: When do I need to enter data on my project into the Multifamily Information System (MIS)?

Answer: Applicants should work to complete entry of their projects in MIS by September 9, 2020. If there is an issue with the submission, DHCD may extend the submission through MIS up to two weeks through September 23, 2020.

Threshold: §3.14 Additional Criteria Applicable Only to Rehabilitation

Question: The Building Evaluation Report Guideline in Exhibit E.1 of the Application Submission Kit for 15% of the units in a rehabilitation project to be walked potentially poses a safety issue and liability in a COVID environment to all involved. There has also been resistance to “outside people” entering occupied units during this time. Is there any relief for this requirement?

Answer: A waiver may be requested for the walk through requirements of a minimum of 15% of the rehabilitation units. If granted, the waiver will allow rehabilitation projects to meet the project walk through requirements by conducting a survey of all vacant units in the property up to a number equaling 15% of the building's units or 5% of the units whichever is greater. The 5% number may include vacant units.



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Competitive Scoring: §4.4.5 Policy Incentives

Question: Can a project receive policy incentive points in more than one category?

Answer: Policy points will be awarded based on the final project scores, excluding any possible points in Section 4.4.5. As long as a project is among the top 2 or 3 highest scoring projects, depending on the category, they are eligible to receive those points, up to a total of five (5) points. Therefore, it is possible to receive points in more than one category. Please note that all categories will be assessed based on the final project score excluding points awarded in Section 4.4.5.

Question: What documentation needs to be provided for Choice Neighborhood projects to receive points in Section 4.4.5?

Answer:

Documentation of a Choice Neighborhood designation may include an award notification from HUD, letters of intent to provide financial assistance, or other documentation as proof of the designation.

Competitive Scoring: §4.4.1 Income Targeting

Question: Just to clarify for 20% AMI units, does this mean that if a project includes 20% AMI units, they won't be counted for income targeting if they have vouchers? And/or that 20% AMI units are not allowed to have PBV/PBRA subsidy?

Answer:

Under 4.4.1, income targeting, units supported by a PBV, PBRA or similar federal may count as income targeted units as low as 30% of the AMI. Units targeted at 20% of the AMI, excludes such federal subsidies designed to assist households at 30% of the AMI.

Question: If fee is reinvested as a rental subsidy for ELI units, are these units removed from the calculus for deep income targeting points (as is done with typical project-based rental subsidies such as Section 8)?

Answer: No, fees reinvested as rental subsidy for ELI units are counted in income targeting points. This applies to project-based rental subsidies such as Section 8 as well, with the caveat that Section 8 units won't be credited as targeted below 30%.



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Competitive Scoring: §4.4.4 Tenant Services

Question: If I chose the CORES designation for a project funded in the 2019 Round can I still choose the CORES designation for Tenant Services even if I haven't received the certification yet?

Answer: If you chose the CORES designation for a project funded in the 2019 Round, you will need to submit either proof of CORES certification or a copy of the Pre-Screen Approval Email from CORES to demonstrate that you have initiated the application process and believe that you meet their threshold requirements.

Competitive Scoring: §4.5.1 Direct Leveraging

Question: Does HTF and State HOME funds count as state funds for leveraging?

Answer: Yes, under Section 4.5.1, State resources include DHCD-administered rental housing resources, which include HTF and State HOME funds. Project CORE and Strategic Demolition funds, are the only DHCD funds specifically mentioned as leveraged funds in this section.

Question: How do I calculate leveraging for a "twinning" project?

Answer: To calculate the leveraging for twinned projects, applicants should use the updated 202 (dated July 2020). After entering the appropriate project characteristics, enter the LIHTC eligibility for the 9% and 4% in section 2. For total DHCD-Non-LIHTC Subsidy, enter the total CDA and DHCD resources and 50 percent of the Tax-exempt Bonds.

In the calculation, the combined adjusted uses, based on the percentage of affordability minus the non-leveraged uses determine the total amount of leveraged funds counted.

To obtain the combined leverage percentage, the total leveraged uses (capped at MBP/4% LIHTC at 50%) is divided by the combined adjusted uses. The final score is capped at the lower of the combined projects leveraging evaluation or an additional two points for in addition to the 9% project evaluation.

5. Adjusted Costs (Proportion of project costs attributable to affordable units.)			
	9% Project	4% Project	Combined Project
# Affordable BRs	60	80	140
Total BRs	70	80	150
% Affordable	86%	100%	93%
Total Uses	\$20,000,000	\$24,000,000	\$44,000,000
Adjusted Total Uses	\$17,142,857	\$24,000,000	\$41,066,667
Percentage of Total Uses Leveraged	38.75%	63.44%	53.06%
6. Leverage Evaluation (including 2 point limit for Twinning projects)			
	9% Project		Combined Project
Non-Rural	5.81		7.96
Rural	NA		NA
		Score	
		7.81	

Question: Are both short-term and long-term/perm bonds included when counting 50% of MBP funds for twinning projects?

Answer: Yes.

Competitive Scoring: §4.5.3 Construction Cost Limits

Question: Has the Department updated the Construction Cost limits outlined in Section 4.5.3 of the Guide?

Answer: The construction cost limits have been reviewed and were included in Multifamily Notice 20-7 released on June 8, 2020. They are also on our website at: <https://dhcd.maryland.gov/HousingDevelopment/Pages/ConstructionCostLimit.aspx> The table below includes the current construction cost limits:

Type of Building	New Construction	Rehabilitation
Cottage, Single Family, Semi-detached Dwellings, and Townhomes	\$191	\$ 196
Garden Apartments	\$ 160	\$ 122



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Non-elevator Stacked Units and Elevator Buildings with 4 stories or less	\$ 174	\$ 143
Elevator Buildings of 5 or more stories	\$ 191	\$148

Question: Are adaptive re-use and gut rehabilitation projects evaluated as new construction or rehabilitation projects?

Answer: Per Section 3.13.3 gut rehabilitation and adaptive re-use projects will be considered new construction projects for scoring purposes. This includes calculating construction costs.

Competitive Scoring: §4.6.2 Energy Efficiency

Question: Section 4.6.2 states that projects must certify that they will achieve Zero Energy Ready Home designation in order to receive six (6) points. How do I certify?

Answer: A certification for Zero Energy Ready Home designation has been added to Exhibit E of the Application Submission Package dated August 2020.

Question: Section 4.6.2 states that two (2) points will be awarded for any project utilizing heat pump technology for domestic water heating. Are these points only applicable to rehabilitation projects or are they available for all projects?

Answer: The two (2) points for projects utilizing heat pump technology for domestic water heating are available to any project, except those seeking Zero Energy Ready Home designation. A chart is included below to demonstrate the various paths available depending on whether a project is new construction or rehabilitation.

New Construction, Gut Rehabilitation, and Adaptive Re-Use	
Path 1 (8 points max)	Path 2 (4 points max)
6 points for certifying Zero Energy Ready Home Designation	2 points for alternative energy
2 points for alternative energy	2 points for heat pump technology

Rehabilitation		
Path 1 (8 points max)	Path 2 (8 points max)	Path 3 (4 points max)
6 points for overall energy savings of 30% or greater	4 points for overall energy savings of 20% or greater	2 points for alternative energy
2 points for alternative energy	2 points for alternative energy	2 points for heat pump technology
2 points for heat pump technology	2 points for heat pump technology	

Miscellaneous:

Question: Are Solar Systems, Security Systems, and Playground Soft or Hard costs?

Answer: Solar Systems, Security Systems, and Playgrounds are considered hard costs and must be included in the construction budget. Budgets that include these costs as soft costs will not be accepted.

Question: 2019 or 2020 income limits?

Answer: Applicants should use the updated income limits for their submissions. The 2020 income limits were recently published to our website at

<https://dhcd.maryland.gov/HousingDevelopment/Pages/MFLibrary.aspx#appsother>

Twinning:

Question: Can a twinning deal be all in one building? And structured as 2 condos that share common areas / amenity space?

Answer: DHCD does not require separate buildings under the twinning structure.



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Question: When submitting market studies for twinned projects, do you require the capture rate for both projects.

Answer: Yes, the market study should describe the capture rate 9% project and the combined projects.